

ARGUMENT AGAINST PROPOSITION 1A

When the next recession hits, the Legislature and the Governor must be able to prioritize both cuts and expenditures.

Proposition 1A would put still more of California's budget on "automatic pilot." That means that the Governor and the Legislature won't be able to set priorities. If education, healthcare, public safety, or childcare funds are in need of money, during any recession, the *first priority* for gasoline taxes will be potholes and highways. Highways and potholes are very important. But on this ballot Proposition 1B will provide almost \$20 billion dollars for Transportation.

Proposition 42 of 2002 already has strong protections for highway and pothole funds. Money can only be borrowed by a 2/3 vote of both houses and the signature of the Governor. It must be repaid and with interest for the full time it was borrowed. Proposition 1A tightens the restrictions, and makes borrowing almost impossible.

Everyone seems to agree in California that our number one priority is Public Education! But, if Proposition 1A were to pass, that would no longer be true. We only have to look at recent history to understand the impact of Proposition 1A.

In 2003–04, the Legislature and the Governor borrowed \$868 million from the sales tax revenue on gasoline. And in 2004–05, we again borrowed \$1.258 billion from the same funds. Without the ability to borrow money internally, the choices would have been to borrow from Wall Street, make massive cuts to health and education, or raise taxes.

Even with about \$2 billion in borrowing from gasoline tax funds, K–12 public schools still were cut \$2 billion from what they were guaranteed. We also cut funds for textbooks and maintenance of classrooms and school buildings. Community college students saw their fees more than double, rising from \$11 per unit to \$26 per unit, and hundreds of thousands of community college students had to quit college as a result. University of California and California State University students saw their undergraduate fees rise a whopping 30% in three years time.

We have not repaid the \$2 billion cut made to K–12 education in 2004–05. And, if Proposition 1A had been in effect, the cut to K–12 public education could have been \$4 billion!

In bad years, the Legislature and the Governor need the flexibility to shift funds temporarily to ensure that education receives at least its minimum guarantee. The Legislature and the Governor need to be able to set priorities as they come up. If there is an earthquake, flood, or major fires, or if trauma centers and emergency rooms continue to close, we need to be able to address those emergencies. Don't tie the hands of those whose job it is to reflect your priorities in the State budget. VOTE "NO" ON PROPOSITION 1A!

JACKIE GOLDBERG, Chair
 Assembly Education Committee

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1A

Proposition 1A is about upholding the will of voters and setting priorities. In 2002, nearly 70% of voters approved a measure that was supposed to dedicate our gas taxes to transportation improvements. The voters said building new roads, relieving congestion, and improving highway safety are priorities.

Unfortunately, as the opponent points out, politicians have been exploiting a loophole in that law. They've diverted nearly \$2.5 billion in gas taxes that were supposed to go to transportation and spent that money on other programs. As a result, our transportation system is badly neglected and the backlog of congestion relief, highway safety, and road repair projects has grown larger.

IT'S TIME TO UPHOLD THE WILL OF VOTERS AND CLOSE THE GAS TAX LOOPHOLE ONCE AND FOR ALL.

YES ON 1A simply makes sure the gas taxes we pay at the pump are actually used to build new roads and improve our transportation system.

Prop. 1A *will not* reduce funding for education or any other state program. Education funding is constitutionally protected and Proposition 1A does not change that.

- That's why educators leading taxpayer, environmental, business, and public safety groups support Prop. 1A.

Proposition 1A is part of the Rebuild California Plan, the first comprehensive infrastructure plan in 40 years.

VOTE YES ON 1A. Ensure our existing gas tax dollars are used to improve California's roads, highways, and mass transit systems.

STEVE KRULL, President
 California Police Chiefs Association

MARK WATTS, Interim Executive Director
 Transportation California

ALLAN ZAREMBERG, President
 California Chamber of Commerce